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File #: 140056

May 2, 2018

VIA ELECTRONIC FILING

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
P.O. Box 3265
Harrisburg, PA 17105-3265

**Re: Application of PPL Electric Utilities Corporation for Approval to Transfer
by Sale of Real Property and Facilities Located at 1237 Sesqui Street, Allentown,
Pennsylvania to 2270 S. 12th Holdings, L.L.C. Pursuant to 66 Pa.C.S. § 1102(a)(3)
Docket No. A-2018-3000351**

Dear Secretary Chiavetta:

Enclosed for filing are PPL Electric Utilities Corporation's Responses to the Bureau of Technical Utility Services' Second Set of Data Requests in the above-referenced proceeding.

Respectfully submitted,

Devin Ryan

DTR/sme
Enclosures

cc: Jeff McCracken (*Via E-Mail*)

**PPL Electric Utilities Corporation
Response to the Data Requests of
The Bureau of Technical Utility Services
Dated April 25, 2018
Docket No. A-2018-3000351**

Q.1 Reference Application for Transfer by Sale, Page 1 - Please clarify why the Agreement of Sale may terminate if it is not approved before May 3, 2018.

A.1 The Agreement of Sale provides that either party can terminate the agreement if closing does not occur within 90 days after the expiration of the due diligence period, which is May 3, 2018.

RESPONDENT:

Thomas Martino, Jr.
Supervisor – Real Estate Asset Management

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Q.2 Reference Application for Transfer by Sale, Page 1 - Please provide which entity initiated the sale of real property and facilities.

A.2 PPL Electric Utilities initiated the sale.

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- Q.3 Reference Application for Transfer by Sale, Page 4 - Please provide the following:
- a. The date the real property and facilities were advertised for sale;
 - b. An explanation on how the real property and facilities were advertised for sale;
 - c. The original asking price for the real property and facilities;
 - d. The date the \$630,000 offer was made and explain if this was the buyer's original offer price or a compromised negotiation;
 - e. Please provide the details on any other offers received.
- A.3
- a. PPL engaged a commercial real estate firm to market the property on 8/10/17.
 - b. All marketing of the property was handled exclusively by the real estate firm.
 - c. Original asking price was \$649,000.
 - d. The buyer's original offer was \$575,000. Through compromising negotiations, PPL agreed to \$630,000 on 10/03/17.
 - e. Two other offers were made by perspective buyers around the same time. One also for \$575,000 and the other for \$550,000.

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Q.4 Reference Application for Transfer by Sale, Page 4 chart - Please explain how the Original Cost Undepreciated, Original Cost Depreciated, Present-Day Cost Undepreciated, and Present-Day Depreciated were calculated and provide PPL's definition for each term.

A.4 The Original Cost Undepreciated amount represents the original cost of the real property and facilities as of November 30, 2017.

The Original Cost Depreciated amount represents the Original Cost Undepreciated amount less the related allocated reserve for depreciation (accumulated depreciation) as of November 30, 2017.

The Present Day Cost Undepreciated and Present Day Cost Depreciated amounts represent a trending of the Original Cost Undepreciated and Original Cost Depreciated amounts to estimate their equivalent present day values.

Data from the Handy-Whitman Index of Public Utility Construction Costs (Jan. 2017 edition), published by Whitman, Requardt & Associates, LLP, was utilized to perform these computations.

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Q.5 Reference Application for Transfer by Sale, Page 4 - Please clarify how the net profit of \$172,333 was determined in detail including the calculations and journal entry.

A.5 Calculation of net profit:

Total proceeds from sale	630,000.00
Gross proceeds attributable to land (FMV)	200,000.00
Costs to effect sale	
Portion of sales commission attributable to land	(12,000.00)
Portion of transfer tax attributable to land	(2,000.00)
Portion of other incurred costs attributable to land	(4,414.38)
Total costs attributable to land	<u>(18,414.38)</u>
Net proceeds attributable to land	181,585.62
Book cost of land	<u>9,252.50</u>
Gain on disposition of land	172,333.12

Journal entry to record gain on disposition of land:

Account	Debit	Credit
253 Other deferred credits	181,585.62	
101 Electric plant in service		9,252.50
421.1 Gain on disposition of property		172,333.12

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Q.6 Reference Application for Transfer by Sale, Page 4 -Please provide an annual breakdown of the facility's operation and maintenance costs and explain if these cost savings are included in the \$172,333 net profit.

A.6 2017 Breakdown of Operation & Maintenance ("O&M") Costs:

Year	Facility	Facility Descr	Project Description	Monetary Amount
2017	0532	RecordsCtr	0893 - Equipment Maintenance	9,808.16
			0893-Custodial Services	12,571.74
			0893-Grounds Maintenance	4,876.00
			0893-Operations	15,122.95
			0893-Structural Maintenance	3,201.18
Total				45,580.03

O&M Cost Savings are not included in the net profit.

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Q.7 Reference Application for Transfer by Sale, Page 5 - Please clarify how the sale will benefit the local community.

A.7 The sale will benefit the local community by providing new jobs and increasing the local tax revenue.

RESPONDENT:

Thomas Martino, Jr.
Supervisor – Real Estate Asset Management

VERIFICATION

I, THOMAS MARTINO, Jr., being the Supervisor- Real Estate Asset Management at PPL Electric Utilities Corporation, hereby state that the facts above set forth are true and correct to the best of my knowledge, information and belief and that I expect PPL Electric Utilities Corporation to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa.C.S. § 4904 relating to unsworn falsification to authorities.

Date: 5/2/18


